

**CITY OF GREENFIELD, IOWA**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

# CITY OF GREENFIELD, IOWA

## TABLE OF CONTENTS

		Page
OFFICIALS AND BOND COVERAGE		1
INDEPENDENT AUDITORS' REPORT		2
FINANCIAL STATEMENTS	Exhibit	
Government-Wide Financial Statements – Statement of Activities and Net Assets – Cash Basis	A	4
Governmental Fund Financial Statements – Statement of Cash Receipts, Disbursements and Changes In Cash Balances	B	6
Proprietary Fund Financial Statements – Statement of Cash Receipts, Disbursements and Changes In Cash Balances	C	7
Notes to Financial Statements		8
SUPPLEMENTARY INFORMATION	Schedule	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	1	18
Notes to Budgetary Comparison Schedule		19
Schedule of Indebtedness	2	20
Schedule of Bond and Note Maturities – Governmental Funds	3	21
Schedule of Bond and Note Maturities – Proprietary Funds	4	22
Schedule of Receipts by Source and Disbursement by Function – All Governmental Funds	5	23
OTHER REPORTS		
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting		24
Schedule of Findings and Questioned Costs		26

**CITY OF GREENFIELD, IOWA**

**OFFICIALS AND BOND COVERAGE  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>	<b>Bond Coverage</b>
Robert Guikema	Mayor	12/31/2007	\$ 10,000
Kevin Hall	Council Member	12/31/2005	10,000
Lloyd Lewellen	Council Member	12/31/2005	10,000
Ron Smith	Council Member	12/31/2005	10,000
Nancy Gross	Council Member	12/31/2007	10,000
Barbara Riley	Council Member	12/31/2007	10,000
Darrell Chiles	Utility Trustee	12/31/2004	10,000
Lynne Don Carlos	Utility Trustee	12/31/2006	10,000
Richard Kohler	Utility Trustee	12/31/2008	10,000
Roleen Chiles	Library Trustee	7/1/2005	10,000
Rana Glade	Library Trustee	7/1/2005	10,000
Marilyn Nickel	Library Trustee	7/1/2005	10,000
George Pierce	Library Trustee	7/1/2005	10,000
Bud Heuckendorf	Library Trustee	7/1/2006	10,000
Linda Kintigh	Library Trustee	7/1/2006	10,000
Larry Means	Library Trustee	7/1/2006	10,000
Sharyl Newbury	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	10,000
Duane Armstead	Utility General Manager	Indefinite	40,000

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Catherine T. Kellogg, C.P.A.

## INDEPENDENT AUDITORS' REPORT

City of Greenfield  
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City of Greenfield's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 1C, the City of Greenfield has implemented a new financial statement reporting model as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended, and other related GASB Statements for the year ending June 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2004, on our consideration of the City of Greenfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparisons on pages 15 and 16 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Greenfield has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information on pages 17 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By   
Certified Public Accountant

October 26, 2004

## CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

		Program Receipts			Net (Expense) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS:	Disburse- ments				
<b>Primary Government:</b>					
Governmental Activities -					
Public Safety	\$ 181,499	\$ 6,382	\$ 20,296	\$ -	\$ (154,821)
Public Works	417,983	20,886	177,319	126,448	(93,330)
Culture and Recreation	102,669	24,041	-	-	(78,628)
Community and Economic Development	28,448	-	-	-	(28,448)
General Government	220,163	28,579	19,656	-	(171,928)
Debt Service	164,875	-	-	-	(164,875)
Total Governmental Activities	1,115,637	79,888	217,271	126,448	(692,030)
Business Type Activities - Sewer	115,782	220,168	-	-	104,386
Total Primary Government	<u>\$ 1,231,419</u>	<u>\$ 300,056</u>	<u>\$ 217,271</u>	<u>\$ 126,448</u>	<u>\$ (587,644)</u>

**Components:**

Governmental Activities -					
Library	\$ 107,137	\$ 2,345	\$ 10,789	\$ -	\$ (94,003)
Business Type Activities -					
Water	1,093,546	449,133	13,108	132,047	(499,258)
Electric	3,598,477	2,666,334	85,621	-	(846,522)
Total Components	<u>\$ 4,799,160</u>	<u>\$ 3,117,812</u>	<u>\$ 109,518</u>	<u>\$ 132,047</u>	<u>\$ (1,439,783)</u>

	Net (Expense) Revenue			
	Primary Government		Total	Components
	Governmental Activities	Business Type Activities		
Changes in Net Assets:				
Net (Expense) Revenue	\$ (692,030)	\$ 104,386	\$ (587,644)	\$ (1,439,783)

**GENERAL RECEIPTS:**

Property Taxes Levied For -				
General Purposes	344,333	-	344,333	-
Employee Benefits	100,470	-	100,470	-
Tax Increment Financing	52,981	-	52,981	-
Debt Service	71,457	-	71,457	-
Interest on Investments	13,008	17,703	30,711	37,855
General Grants and Other Support	4,326	-	4,326	-
Miscellaneous	8,303	-	8,303	-

(Continued Down)

See Independent Auditors' Report and Notes to Financial Statements

## CITY OF GREENFIELD, IOWA

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

	Net (Expense) Revenue			
	Primary Government		Total	Components
	Governmental Activities	Business Type Activities		
Bond Proceeds	-	-	-	1,040,000
Sale of assets	-	-	-	15,300
Unremitted Sewer Fees - Net	-	-	-	4,558
Operating Transfers From (To)	(74,723)	(15,114)	(89,837)	89,837
Payment to City from Electric	115,000	-	115,000	(115,000)
Total General Receipts and Transfers	<u>635,155</u>	<u>2,589</u>	<u>637,744</u>	<u>1,072,550</u>
Change in Cash Basis Net Assets	(56,875)	106,975	50,100	(367,233)
Cash Basis Net Assets - Beginning of Year	811,148	1,058,722	1,869,870	1,907,917
Cash Basis Net Assets - End of Year	<u>\$ 754,273</u>	<u>\$ 1,165,697</u>	<u>\$ 1,919,970</u>	<u>\$ 1,540,684</u>

**CASH BASIS NET ASSETS:**

Restricted For -				
Road Use Tax	252,382	-	252,382	-
Employee Benefits	64,121	-	64,121	-
T I F	36,596	-	36,596	-
Debt service	55,600	-	55,600	514,177
Unrestricted	345,574	1,165,697	1,511,271	1,026,507
Total Cash Basis Net Assets	<u>\$ 754,273</u>	<u>\$ 1,165,697</u>	<u>\$ 1,919,970</u>	<u>\$ 1,540,684</u>

See Independent Auditors' Report and Notes to Financial Statements

## CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

	General	Road Use Tax	Special Revenue		TIF	Debt Service	Primary Government Total	Component Library	Governmental Funds Totals
<b>RECEIPTS:</b>									
Property Taxes	\$ 344,333	\$ -	\$ 100,470	\$ 52,981	\$ 71,457	\$ 569,241	\$ -	\$ 569,241	
Licenses and Permits	18,696	-	-	-	-	18,696	-	18,696	
Use of Money and Property	31,786	-	-	-	-	31,786	422	32,208	
Intergovernmental	151,948	177,319	-	-	-	329,267	10,789	340,056	
Charges for Services	61,192	-	-	-	-	61,192	2,345	63,537	
Miscellaneous	8,303	-	-	-	-	8,303	-	8,303	
Total Receipts	616,258	177,319	100,470	52,981	71,457	1,018,485	13,556	1,032,041	
<b>DISBURSEMENTS:</b>									
Operating -									
Public Safety	181,499	-	-	-	-	181,499	-	181,499	
Public Works	274,953	143,030	-	-	-	417,983	-	417,983	
Culture and Recreation	102,669	-	-	-	-	102,669	107,137	209,806	
Community and Economic Development	14,398	-	-	14,050	-	28,448	-	28,448	
General Government	220,163	-	-	-	-	220,163	-	220,163	
Debt Service	-	-	-	-	164,875	164,875	-	164,875	
Total Disbursements	793,682	143,030	-	14,050	164,875	1,115,637	107,137	1,222,774	
Excess (Deficiency) of Receipts over Disbursements	(177,424)	34,289	100,470	38,931	(93,418)	(97,152)	(93,581)	(190,733)	
<b>OTHER FINANCING SOURCES (USES):</b>									
Payment from Electric to City	115,000	-	-	-	-	115,000	-	115,000	
Operating Transfers From (To)	(3,728)	(27,538)	(86,110)	(51,221)	93,874	(74,723)	89,837	15,114	
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements	(66,152)	6,751	14,360	(12,290)	456	(56,875)	(3,744)	(60,619)	
Cash Balances - Beginning of Year	411,726	245,631	49,761	48,886	55,144	811,148	67,662	878,810	
Cash Balances - End of Year	\$ 345,574	\$ 252,382	\$ 64,121	\$ 36,596	\$ 55,600	\$ 754,273	\$ 63,918	\$ 818,191	
<b>CASH BASIS FUND BALANCES:</b>									
Reserved	\$ -	\$ 252,382	\$ 64,121	\$ 36,596	\$ 55,600	\$ 408,699	\$ -	\$ 408,699	
Unreserved for General Fund	345,574	-	-	-	-	345,574	63,918	409,492	
Total Cash Basis Fund Balances	\$ 345,574	\$ 252,382	\$ 64,121	\$ 36,596	\$ 55,600	\$ 754,273	\$ 63,918	\$ 818,191	

See Independent Auditors' Report and Notes to Financial Statements.



## CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES**  
**PROPRIETARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

	Primary Government Sewer	Components Water	Electric	Proprietary Funds Totals
<b>RECEIPTS:</b>				
Use of Money and Property	\$ 17,703	\$ 5,500	\$ 31,933	\$ 55,136
Charges for Services	220,168	449,133	2,666,334	3,335,635
Miscellaneous	-	13,108	85,621	98,729
Total Receipts	<u>237,871</u>	<u>467,741</u>	<u>2,783,888</u>	<u>3,489,500</u>
<b>DISBURSEMENTS:</b>				
Business Type Activities	115,782	1,093,546	2,192,938	3,402,266
Debt Service	-	-	1,405,539	1,405,539
Total Disbursements	<u>115,782</u>	<u>1,093,546</u>	<u>3,598,477</u>	<u>4,807,805</u>
Excess (Deficiency) of Receipts over Disbursements	<u>122,089</u>	<u>(625,805)</u>	<u>(814,589)</u>	<u>(1,318,305)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Payment to City	-	-	(115,000)	(115,000)
Operating Transfers From (To)	(15,114)	200,000	(200,000)	(15,114)
Sewer Fees - Net	-	-	4,558	4,558
Contribution-in-Aid of Construction	-	132,047	-	132,047
Sales of Assets	-	15,300	-	15,300
Proceeds of Debt	-	200,000	840,000	1,040,000
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements	<u>106,975</u>	<u>(78,458)</u>	<u>(285,031)</u>	<u>(256,514)</u>
Cash Balances - Beginning of Year	<u>1,058,722</u>	<u>223,988</u>	<u>1,616,267</u>	<u>2,898,977</u>
Cash Balances - End of Year	<u>1,165,697</u>	<u>145,530</u>	<u>1,331,236</u>	<u>2,642,463</u>
<b>CASH BASIS FUND BALANCES:</b>				
Reserved for Debt Service	\$ -	\$ -	\$ 514,177	\$ 514,177
Unreserved -				
General Operations	1,165,697	145,530	617,059	1,928,286
Diesel Replacement	-	-	200,000	200,000
Total Cash Basis Fund Balances	<u>\$ 1,165,697</u>	<u>\$ 145,530</u>	<u>\$ 1,331,236</u>	<u>\$ 2,642,463</u>

See Independent Auditors' Report and Notes to Financial Statements.

**CITY OF GREENFIELD, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General –**

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City with its components provides a wastewater system, water system, electric system and library.

**B. Financial Reporting Entity –**

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. GASB Statement No. 14 criteria to determine financial accountability include:

- a. Appointing a voting majority of an organization's governing body,
- b. The ability of the City to impose its will on that organization, or
- c. The potential for the unit to provide specific benefits to, or impose specific financial burdens on the City.

The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. For financial reporting purposes, the City's reporting entity is composed of the following:

Primary Government:	City of Greenfield, Iowa
Discretely Presented Components:	Greenfield Municipal Utilities Greenfield Public Library

**Discretely Presented Component Units –**

Greenfield Public Library (Library) is governed by a seven-person board, some appointed by the City Council, and some by the County Board of Supervisors, but whose operating budget and funding is provided by the City Council. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the City Council. GMU operates water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements for each department, on the accrual basis, are available separately.

**Jointly Governed Organizations –**

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

See Independent Auditors' Report.

**C. Implementation of New Accounting Principles –**

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and later Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Statement No. 41, *Budgetary Comparison Schedule – Perspective Differences*, were implemented for the year ended June 30, 2004.

These Statements create new basic financial statements for reporting the City's financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds may be presented in total in only one column. City management, however, has determined that treating each fund as a major fund is more informative.

**D. Basis of Presentation –**

The accompanying financial statements are presented on the basis of cash receipts and disbursements. This modified basis of accounting differs from accounting principles generally accepted in the United States. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Further, financial statement display examples, issued by the State Auditor of Iowa, are considered in the accompanying financial statements.

**Government-wide Financial Statements –**

The Statement of Activities and Net Assets reports information about the reporting entity as a whole, including all funds and activities except for fiduciary funds. For the most part, the effect of interfund activity has been removed from this statement. This statement distinguishes between governmental and business-type activities. Governmental activities are generally financed through tax and intergovernmental revenues and other non-exchange (referred to as contributions) revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The Statement of Activities and Net Assets presents the reporting entity's net assets in two parts:

1. Restricted net assets: Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation, and
2. Unrestricted net assets: consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by management, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. Charges for Services: consist of charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function,
2. Operating Grants and Contributions: consists of non-exchange revenue and interest on investments restricted to meeting the operational expenses of a particular function, and,
3. Capital Grants and Contributions: consists of non-exchange revenue and interest on investments restricted to meeting the capital costs of a particular function.

Property tax and other items, not properly included as program receipts, are reported instead as general receipts.

See Independent Auditors' Report.

#### Program Receipts –

In the Statement of Activities, cash basis revenues that are derived directly from each activity, or function, are reported as program revenue receipts. The City and Library governmental funds have the following program receipts in each activity:

Public Safety	Fine revenue and intergovernmental fire reimbursements
Public Works	Road use taxes, aviation fuel sales, hanger rents and a capital intergovernmental airport improvement grant
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	License and permits, building expense reimbursements and miscellaneous user fees
Library	Late fees, copier fees and operational contributions of county and township funding

Program revenues for City proprietary funds and similar components are from user fees charged for the services provided to the users and all other related revenues not related to capital and noncapital financing or investing activities.

#### Fund Financial Statements –

The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its receipts, disbursements and cash balances. Funds are reported as either governmental or proprietary type funds. The reporting entity has no fiduciary funds. A separate Fund Financial Statement is presented for each fund type group.

Emphasis is placed on major funds within the governmental and proprietary type categories. A fund is considered major if it has (a) assets or expenditures of at least 10 percent of the corresponding total of all funds of that fund group, and (b) assets or expenditures at least five percent of the corresponding total of all governmental and enterprise funds combined. Alternatively, management may determine that all funds should be reported as major funds. The accompanying Fund Financial Statements report all funds as major funds as follows:

#### **GOVERNMENTAL FUND TYPES -**

##### **City General Fund –**

This fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all general operating expenses/expenditures and fixed charges and capital improvement costs that are not paid from other funds.

##### **City Special Revenue Funds –**

These funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road UseTax Fund, accounts for gasoline excise taxes legally restricted for road and street use.

Employee Benefit Fund, accounts for a special levy for employee group insurance.

Tax Increment Financing Fund, accounts for taxes associated with urban renewal districts.

##### **City Debt Service Fund –**

This fund is used to account for property taxes levied for the payment of interest and principal on the City's general long-term debt.

See Independent Auditors' Report.

Library Component Special Revenue Fund –

This fund is used to account for all general tax and other receipts specifically for the Library. Disbursements from this fund are for all Library operating expenses/expenditures and fixed charges and capital improvement costs.

**PROPRIETARY FUND TYPES -**

City Sewer Fund –

This fund is used to account for all user charges and other receipts and all disbursements associated with providing wastewater and sanitary sewer systems and treatments to the public.

Component GMU Water and Electric Funds --

Separate water and electric funds are used to account for all user charges and other receipts and all disbursements associated with providing potable water and electric energy to the citizens of the City.

**E. *Measurement Focus and Basis of Accounting –***

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City and its components, Library and GMU, maintain financial records on the basis of cash receipts and disbursements and the accompanying financial statements are presented on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with accounting principals generally accepted in the United States.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

**F. *Budgets and Budgetary Accounting –***

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds and component units, except for agency, internal service and nonexpendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**G. *Estimates –***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – POOLED CASH AND INVESTMENTS**

The deposits of the reporting entity at June 30, 2004 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

All members of the reporting entity are authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

See Independent Auditors' Report.

Management records certificates of deposit as investments. All investments at June 30, 2004 were held as certificates of deposit. All cash and investments of the City, Library and GMU are handled in a similar manner. Reported Investments are categorized to give an indication of the level of risk assumed at year end. The investments are all category 1, which means that the investments are insured or registered or the securities are held by the owner or its agent in the owner's name.

### NOTE 3 – LONG-TERM DEBT

Long-term debt is segregated between the amounts to be repaid from governmental activities and the amounts to be repaid from proprietary activities. Outstanding debt as of June 30, 2004, is as follows:

#### Governmental:

##### City General Obligation Debt –

Airport Refunding Notes bearing interest at 5.95 to 6.15 percent	\$ 85,000
Municipal Building Notes bearing interest at 4.85 to 5.30 percent	225,000
Dump Truck Capitalized Lease bearing interest at 5.78 percent	<u>33,344</u>
	343,344

##### City Tax Increment Financing Debt –

Urban Renewal Internal Loan Owed to Sewer fund with no interest	84,000
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#### Proprietary:

##### GMU General Obligation Debt --

Water Department Owed to CIPCO with no interest	\$ 200,000
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##### GMU Revenue Obligation Debt –

2001 Series Electric Notes bearing interest at 4.30 to 5.40 percent	1,360,000
2003 Series Electric Refunding Notes bearing interest at 1.6 to 3.2 percent	840,000
SIMECA Capitalized Lease bearing interest at 3.20 to 5.30 percent	<u>1,329,000</u>
	3,529,000

During 2004, a general obligation promissory note was issued for \$200,000 payable to CIPCO. This general obligation debt is included as a proprietary debt as the water system received the debt proceeds and is to repay the full amount.

During 2003, the electric system issued \$840,000 of refunding notes, maturing serially from September 1, 2004 through September 1, 2010, with interest at various rates from 1.60 to 3.20 percent per annum payable semiannually on March 1 and September 1. The notes are callable on or after September 1, 2010, at par plus accrued interest. This debt was issued to complete a current refunding pay-off of higher interest rated bonds issued in 1992. The total benefit of this refunding is \$120,410 which amount will be recognized as reduced interest expense over the payment period of the refunding notes.

See Independent Auditors' Report.

Changes in all long-term obligations for the year ended June 30, 2004 are as follows:

	Balances July 1, 2003	Additions	Reductions	Balances June 30, 2004	Amounts Due Within One Year
<b>Governmental Activities -</b>					
Economic Development	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -
Street Sweeper	28,722	-	28,722	-	-
Airport	125,000	-	40,000	85,000	40,000
Municipal Building	265,000	-	40,000	225,000	40,000
Dump Truck Lease	43,267	-	9,923	33,344	10,496
T I F Debt	<u>84,000</u>	<u>-</u>	<u>-</u>	<u>84,000</u>	<u>-</u>
	<u>\$ 565,989</u>	<u>\$ -</u>	<u>\$ 138,645</u>	<u>\$ 427,344</u>	<u>\$ 90,496</u>
<b>Proprietary Activities -</b>					
CIPCO Water	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 20,000
1992 Series Electric	910,000	-	910,000	-	-
2001 Series Electric	1,380,000	-	20,000	1,360,000	20,000
2003 Series Electric	-	840,000	-	840,000	78,000
SIMECA Lease Electric	<u>1,405,000</u>	<u>-</u>	<u>76,000</u>	<u>1,329,000</u>	<u>115,000</u>
	<u>\$ 3,695,000</u>	<u>\$ 1,040,000</u>	<u>\$ 1,006,000</u>	<u>\$ 3,729,000</u>	<u>\$ 233,000</u>

Debt service requirements to maturity of principal and interest for long-term debt are as follows:

<b>Governmental Activities - Year Ending</b>	<b>City General Obligation</b>		<b>City T I F Obligation</b>		<b>Total</b>
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Requirement</b>
2005	\$ 90,496	\$ 18,610	\$ -	\$ -	\$ 109,106
2006	101,103	13,623	-	-	114,726
2007	56,745	7,964	-	-	64,709
2008	45,000	4,990	-	-	49,990
2009	50,000	2,650	-	-	52,650
No due date	<u>-</u>	<u>-</u>	<u>84,000</u>	<u>-</u>	<u>84,000</u>
	<u>\$ 343,344</u>	<u>\$ 47,837</u>	<u>\$ 84,000</u>	<u>\$ -</u>	<u>\$ 475,181</u>

See Independent Auditors' Report.

**Proprietary Activities -**

Year Ending June 30,	GMU Water		GMU Electric		Total Requirement
	General Principal	Obligation Interest	Revenue Principal	Obligation interest	
2005	\$ 20,000	\$ -	\$ 213,000	\$ 149,147	\$ 382,147
2006	20,000	-	217,000	143,266	380,266
2007	20,000	-	219,000	136,495	375,495
2008	20,000	-	233,000	129,008	382,008
2009	20,000	-	231,000	120,846	371,846
2010	20,000	-	241,000	111,773	372,773
2011	20,000	-	255,000	100,189	375,189
2012	20,000	-	280,000	86,212	386,212
2013	20,000	-	295,000	71,234	386,234
2014	20,000	-	310,000	55,282	385,282
2015	-	-	325,000	38,207	363,207
2016	-	-	347,000	19,927	366,927
2017	-	-	363,000	7,049	370,049
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 3,529,000</u>	<u>\$ 1,168,635</u>	<u>\$ 4,897,635</u>

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- The bonds will only be redeemed from the future earnings of the enterprise activity and the bondholders hold a lien on the future earnings.
- Sufficient monthly cash transfers shall be made to an electric revenue bond and interest account for the purpose of making the next annual principal and interest payments when due. This account was fully funded at June 30, 2004.
- Additional monthly cash transfers shall be made to an electric revenue bond reserve account until such account reaches a maximum balance of \$247,500. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. This account was full funded at June 30, 2004.
- Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2004.

See Independent Auditors' Report.



Information regarding capitalized lease-purchase contracts is as follows:

- A. The City is the lessee of a 2002 international dump truck under a capital lease expiring February 15, 2007. The cost of the asset acquired under this capital lease is \$52,648. The interest rate on the capitalized lease is 5.78%, and payments are due annually beginning February 15, 2003, which future minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 10,496	\$ 1,928	\$ 12,424
2006	11,103	1,321	12,424
2007	11,745	679	12,424
Totals	<u>\$ 33,344</u>	<u>\$ 3,928</u>	<u>\$ 37,272</u>

- B. The component, Greenfield Municipal Utilities, is the lessee of two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the asset acquired under this capital lease is \$1,637,083. This lease-purchase agreement is with lessor (South Iowa Municipal Electric Cooperative Association) in the principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from 3.20 to 5.30 percent, are the same rates paid by lessor. Payments under this agreement are due semiannually beginning September 2002, with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 78,000	\$ 62,497	\$ 140,497
2006	82,000	59,768	141,768
2007	84,000	56,692	140,692
2008	88,000	53,333	141,333
2009	91,000	49,636	140,636
2010	96,000	45,633	141,633
2011	100,000	41,216	141,216
2012	105,000	36,466	141,466
2013	110,000	31,322	141,322
2014	115,000	25,821	140,821
2015	120,000	19,957	139,957
2016	127,000	13,717	140,717
2017	133,000	7,049	140,049
Totals	<u>\$ 1,329,000</u>	<u>\$ 503,107</u>	<u>\$ 1,832,107</u>

#### NOTE 4 - PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, for which the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2003, 2002 and 2001 was \$39,300, \$40,100 and \$37,300, respectively, which met the required contributions for each year.

See Independent Auditors' Report.

## NOTE 5 - DEFERRED COMPENSATION PLAN

The City, together with its components offer its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

## NOTE 6 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2004, primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$ 11,500	\$	\$ 12,300	\$ 23,800
Sick Leave	11,700	6,800	35,600	54,100
Totals	<u>\$23,200</u>	<u>\$ 6,800</u>	<u>\$ 47,900</u>	<u>\$ 77,900</u>

These liability amounts are computed based on rates of pay in effect at June 30, 2004.

## NOTE 7 - INTER-FUND TRANSFERS

The City pays GMU for utility services used and GMU makes a nonoperating transfer payment to the City. For the year ended June 30, 2004, the City received a total of \$115,000 from the GMU electric department

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources. Details of all transfers between funds of the of primary government and between the primary government and its components for the year ended June 30, 2004, are as follows:

From City General Fund to Library	\$ 89,837
From City Employee Benefit Fund to City General Fund	86,110
From City Road Use Tax Fund to City Debt Service Fund	27,538
From City Tax Increment Financing Fund to City Debt Service Fund	51,221
From City Sewer Rental Fund to City Debt Service Fund	15,114
From GMU Electric Funds to City General Fund	115,000
From GMU Electric Funds to GMU Water Funds	200,000
Total	<u>\$ 584,820</u>

## NOTE 8 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2004, the City had business transactions with City officials totaling \$4,146 and a component, Greenfield Municipal Utilities, had business transactions with utility officials totaling \$41,160.

See Independent Auditors' Report.

## **NOTE 9 – RISK MANAGEMENT**

The City of Greenfield and its components are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **NOTE 10 - CONSTRUCTION IN PROGRESS**

The City has a contract for a sewer main project. There is approximately \$67,700 remaining on this contract.

The component, Greenfield Municipal Utilities, is in the process of removing an old and constructing a new water tower. The total estimated cost of the project is \$775,000. The utility has approximately \$32,000 remaining on the construction contract.

## **NOTE 11 – COMMITMENTS**

The City and/or its components have the following commitments at June 30, 2004:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2004, \$14,754 was paid pursuant to this agreement.
- B. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide potable water. The quantity provided to SIRWA and Fontanelle shall not exceed 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- C. Greenfield Municipal Utilities is one of twelve members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and has a long-term contract with CIPCO for the purchase and the transmission of up to 621.0 KVA of electric energy on behalf of SIMECA members. This 15.5 year contract running through December 31, 2008 provides for minimum payments of \$200,000. The contract may be extended indefinitely unless terminated by giving a five year notice. Greenfield Municipal Utilities' share of the minimum payment is approximately \$32,000.

## **NOTE 12 – BUDGET OVERSPEND**

The City disbursements for the year for the programs, Community and Economic Development and General Government, exceeded the amount budgeted by \$15,846 and \$9,681, respectively. Both of these amounts, when considered in total with all other governmental funds, are considered as insignificant.

The component, GMU, disbursements for the year for the water department and electric department exceeded the amount budgeted by \$568,296 and \$567,933, respectively. The water overspend was caused entirely by expenditures for construction of a new water tower. The project costs and approval of debt issuance, if needed, were approved at public hearings prior to commencement of the project. The electric overspend was caused entirely by calling and paying off 1992 Series electric revenue notes totaling \$840,000, which was not included in the budget. The funds used were provided entirely from refunding revenue notes proceeds of \$840,000 issued during the year.

**CITY OF GREENFIELD, IOWA**

**SUPPLEMENTARY INFORMATION**

## CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISONS SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

	Governmental Funds Actual	Proprietary Funds Actual	Funds Not Required to Be Budgeted	Net Actual	Budgeted Amounts Original	Final	Positive (Negative) Variance, Final To Net Actual
<b>RECEIPTS:</b>							
Property Tax	\$ 508,575	\$ -	\$ -	\$ 508,575	\$ 503,358	\$ 503,358	\$ 5,217
Tax Increment Financing Receipts	52,981	-	-	52,981	51,221	51,221	1,760
Other City Taxes	7,685	-	-	7,685	10,022	10,022	(2,337)
Licenses and Permits	18,696	-	-	18,696	7,625	7,625	11,071
Use of Money and Property	32,208	55,136	-	87,344	90,550	90,550	(3,206)
Intergovernmental	340,056	-	-	340,056	502,200	502,200	(162,144)
Charges for Services	63,537	3,335,635	-	3,399,172	3,602,300	3,602,300	(203,128)
Miscellaneous	8,303	98,729	-	107,032	101,300	101,300	5,732
Total Receipts	1,032,041	3,489,500	-	4,521,541	4,868,576	4,868,576	(347,035)
<b>DISBURSEMENTS:</b>							
Public Safety	181,499	-	-	181,499	191,826	191,826	10,327
Public Works	417,983	-	27,538	390,445	390,778	390,778	333
Culture and Recreation	209,806	-	-	209,806	232,547	232,547	22,741
Community and Economic Development	28,448	-	-	28,448	12,602	12,602	(15,846)
General Government	220,163	-	-	220,163	210,482	210,482	(9,681)
Debt Service	164,875	-	42,652	122,223	122,223	122,223	-
Business Type Activities	-	4,807,805	15,114	4,792,691	3,786,794	3,786,794	(1,005,897)
Total Disbursements	1,222,774	4,807,805	85,304	5,945,275	4,947,252	4,947,252	(998,023)
Excess of Receipts over Disbursements	(190,733)	(1,318,305)	(85,304)	(1,423,734)	(78,676)	(78,676)	(1,345,058)
<b>OTHER FINANCING SOURCES (USES), NET</b>							
Excess of Receipts and Other Financing	130,114	1,061,791	85,304	1,106,601	-	-	1,106,601
Sources (Uses), Net over Disbursements	(60,619)	(256,514)	-	(317,133)	(78,676)	(78,676)	(238,457)
Balances - Beginning of Year	878,810	2,898,977	-	3,777,787	3,767,339	3,767,339	(10,448)
Balances - End of Year	\$ 818,191	\$ 2,642,463	\$ -	\$ 3,460,654	\$ 3,688,663	\$ 3,688,663	\$ (228,009)

See Independent Auditors' Report.

## CITY OF GREENFIELD, IOWA

### NOTES TO BUDGETARY COMPARISON SCHEDULE

In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes the City's components, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2	-Valuations set for ensuing levy
March 15	-Certified Budget to County Auditor
July 1	-Taxes levied are due and payable
October-April	-Taxes are delinquent and interest accrues at 1.5% a month from October 1 or April 1 to date of payment
	-County publishes tax sale certificate and interest accrues at 2% a month

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities and non-program.

Functional disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Amounts included in the funds not required to be budgeted are transfers recorded to move payments for equipment debt from the programs where budgeted to the debt service program.

Appropriations lapse at the end of the year

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

	<b>Net Actual</b>	<b>Final Budget</b>
Library, included as Culture and Recreation Function	\$ 107,137	\$ 105,688
Water Department Included as Business Type Activity	1,093,546	525,250
Electric Department Included as Business Type Activity	3,598,477	3,030,544

See Independent Auditors' Report.

## CITY OF GREENFIELD, IOWA

**SCHEDULE OF INDEBTEDNESS**  
**ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
<b>PRIMARY GOVERNMENT:</b>									
General Obligation Debt -									
Economic Development Notes	9/1/1994	6.10%	\$ 125,000	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 1,220	\$ -
Airport Refunding Notes	4/1/1995	5.95-6.15%	345,000	125,000	-	40,000	85,000	7,568	-
Municipal Building Notes	1/15/1997	4.85-5.30%	460,000	265,000	-	40,000	225,000	13,435	-
Street Sweeper Bank Note	7/10/2000	5.25%	81,937	28,722	-	28,722	-	1,508	-
				<u>\$ 438,722</u>	<u>\$ -</u>	<u>\$ 128,722</u>	<u>\$ 310,000</u>	<u>\$ 23,731</u>	<u>\$ -</u>
Capitalized Lease-Purchase of Dump Truck	2/15/2002	5.78%	52,648	\$ 43,267	\$ -	\$ 9,923	\$ 33,344	\$ 2,501	\$ -
Tax Increment Financing Debt - Internal to Sewer Rental Fund	1/5/1998	5.90-6.00%	84,000	\$ 84,000	\$ -	\$ -	\$ 84,000	\$ -	\$ -
<b>COMPONENT GOVERNMENT:</b>									
Water General Obligation Debt -									
CIPCO Rural Economic Development Loan	6/10/2004	0.00%	200,000	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
Electric Revenue Obligation Debt -									
Electric Notes	9/1/1992	6.10-6.70%	1,590,000	\$ 910,000	\$ -	\$ 910,000	\$ -	\$ 29,354	\$ -
Electric Revenue Notes	5/1/2001	4.30-5.40%	1,400,000	1,380,000	-	20,000	1,360,000	70,930	-
Electric Refunding Notes	7/1/2003	4.30-4.90%	840,000	-	840,000	-	840,000	13,570	-
				<u>\$ 2,290,000</u>	<u>\$ 840,000</u>	<u>\$ 930,000</u>	<u>\$ 2,200,000</u>	<u>\$ 113,854</u>	<u>\$ -</u>
Electric Capitalized Lease-Purchase of Generation Units	3/1/02	3.20-5.30%	1,479,327	\$ 1,405,000	\$ -	\$ 76,000	\$ 1,329,000	\$ 64,930	\$ -

See Independent Auditors' Report.

## CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

PRIMARY GOVERNMENT:	General Obligation Notes				Lease-Purchase		T I F Loan		Total Principal
	Airport Refunding April 1, 1995 Dec 1 and Jun 1 June 1, 2003	Interest Rate	Principal	Interest Rate	Municipal Building January 15, 1997 Dec 1 and Jun 1 June 1, 2005	Interest Rate	Principal	Interest Rate	Urban Renewal January 5, 1998
Date Issued									
Dates Interest Payable									
Date Callable									
Due in Year Ending June 30,									
2005	6.05%	\$ 40,000	4.90%	\$ 40,000	\$ 80,000	5.78%	\$ 10,496		\$ 90,496
2006	6.15%	45,000	5.00%	45,000	90,000	5.78%	11,103		101,103
2007			5.10%	45,000	45,000	5.78%	11,745		56,745
2008			5.20%	45,000	45,000				45,000
2009			5.30%	50,000	50,000			0.00%	50,000
(No Due Date)									84,000
Total Primary Government	\$ 85,000		\$ 225,000		\$ 310,000		\$ 33,344		\$ 84,000
									\$ 427,344



## CITY OF GREENFIELD, IOWA

**SCHEDULE OF BOND AND NOTE MATURITIES**  
**PROPRIETARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**  
**31785**

COMPONENT GOVERNMENT:											Total Principal
			Revenue Notes			Lease-Purchase		General Obligation			
			Electric			Electric		Water			
			May 1, 2001			July 1, 2003		June 10, 2004			
			Sep 1 and Mar 1			Sep 1 and Mar 1		No Interest			
			September 1, 2010			September 1, 2010					
Date Issued	Date Interest Payable	Date Callable				Total					
Due in Year			Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
Ending June 30,			Rate		Rate		Rate		Rate		
2005			4.40%	\$ 20,000	1.60%	\$ 115,000	3.50%	\$ 78,000	0.00%	\$ 20,000	\$ 233,000
2006			4.50%	20,000	1.80%	115,000	3.75%	82,000	0.00%	20,000	237,000
2007			4.60%	20,000	2.10%	115,000	4.00%	84,000	0.00%	20,000	239,000
2008			4.70%	25,000	2.40%	120,000	4.20%	88,000	0.00%	20,000	253,000
2009			4.80%	20,000	2.70%	120,000	4.40%	91,000	0.00%	20,000	251,000
2010			4.90%	20,000	3.00%	125,000	4.60%	96,000	0.00%	20,000	261,000
2011			5.00%	25,000	3.20%	130,000	4.75%	100,000	0.00%	20,000	275,000
2012			5.10%	175,000	-	-	4.90%	105,000	0.00%	20,000	300,000
2013			5.15%	185,000	-	-	5.00%	110,000	0.00%	20,000	315,000
2014			5.20%	195,000	-	-	5.10%	115,000	0.00%	20,000	330,000
2015			5.25%	205,000	-	-	5.20%	120,000	-	-	325,000
2016			5.30%	220,000	-	-	5.25%	127,000	-	-	347,000
2017			5.40%	230,000	-	-	5.30%	133,000	-	-	363,000
Total Component Government				\$ 1,360,000		\$ 840,000		\$ 1,329,000		\$ 200,000	\$ 3,729,000

## CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE FOUR YEARS ENDED JUNE 30,**

	2004	2003	2002	2001
<b>RECEIPTS:</b>				
PRIMARY GOVERNMENT -				
Property Tax	\$ 508,575	\$ 508,953	\$ 497,930	\$ 539,263
TIF Revenues	52,981	53,915	59,968	44,953
Other City Taxes	7,685	7,334	8,224	8,627
Licenses and Permits	18,696	8,104	6,806	5,751
Use of Money and Property	31,786	17,522	20,644	29,499
Intergovernmental	329,267	256,438	579,264	218,645
Charges for Services	61,192	57,231	57,835	58,423
Miscellaneous	8,303	30,471	20,399	37,384
Totals	1,018,485	939,968	1,251,070	942,545
LIBRARY COMPONENT -				
Use of Money and Property	422	492	708	1,241
Intergovernmental	10,789	10,812	10,378	9,987
Charges for Services	2,345	10	5	16
Miscellaneous	-	19,046	7,415	3,160
Totals	13,556	30,360	18,506	14,404
Total Government Receipts	<u>\$ 1,032,041</u>	<u>\$ 970,328</u>	<u>\$ 1,269,576</u>	<u>\$ 956,949</u>
<b>DISBURSEMENTS: (Note Below)</b>				
PRIMARY GOVERNMENT -				
Operating -				
Public Safety	\$ 181,499	\$ 204,223		
Public Works	417,983	228,318		
Culture and Recreation	102,669	131,484		
Community and Economic Development	28,448	16,129		
General Government	220,163	189,169		
Debt Service	164,875	152,599		
Totals	1,115,637	921,922		
LIBRARY COMPONENT -				
Culture and Recreation	107,137	100,028		
Total Government Disbursements	<u>\$ 1,222,774</u>	<u>\$ 1,021,950</u>		

Note - As GASB No. 34 was implemented for 2004, prior year amounts may not be comparable. Disbursements for years 2002 and 2001 were reported using fewer functions and different descriptions than those used for 2004 and 2003. Accordingly disbursements for 2002 and 2001 are not reported above.

**CITY OF GREENFIELD, IOWA**

**OTHER REPORTS**

# O'Donnell, Ficenec, Wills & Ferdig, LLP

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Geoffrey F. Schnathorst, C.P.A.  
Catherine T. Kellogg, C.P.A.

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

City of Greenfield  
Greenfield, Iowa

We have audited the financial statements of the City of Greenfield, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 26, 2004. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We did, however, note instances of overspending the budget which are discussed more fully in the Schedule of Findings and Questioned Costs, item IV-B-04.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By

A handwritten signature in dark ink, appearing to read "L. A. Ferdig", is written over a horizontal line.

Certified Public Accountant

October 26, 2004

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004

**PART I: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.
- (e) The dollar threshold used to distinguish between Type A and Type B programs was \$500,000. There were no federal programs in excess of \$500,000.

CITY OF GREENFIELD, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004

**PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

INSTANCES OF NON-COMPLIANCE:

No matters noted.

REPORTABLE CONDITIONS:

No matters noted.

**PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

INSTANCES OF NON-COMPLIANCE:

No matters noted.

REPORTABLE CONDITIONS:

No matters noted.

**PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

- IV-A-04 **Official Depositories** - A resolution naming depositories for combined funds of the City, Library and Utilities has been approved by the City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year. Depositories named and related amount authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

- IV-B-04 **Certified Budget** - Disbursements during the year ended June 30, 2004, exceeded the amounts budgeted by a net amount of \$998,023. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Overspends by the City of \$15,846 and \$9,681 in the community and economic development program and general government program, respectively. The community and economic development overspend was caused by an expenditure for community betterment included in the original budget as general government. The general government program is due to several line items overspent by small amounts.

An overspend of \$1,005,897 in the business type activities is caused by construction expenditures for construction of a new water tower paid by the water department and early payoff of higher interest rated debt with proceeds of new lower interest rated debt by the electric department. The water tower project costs and the issuance of refunding debt and payoff of old debt were approved at public hearings, expecting the disbursements to be in a different budget period.

**Recommendation** - The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

**Response** – The overspend in the business-type activities are considered by management to be appropriate in all cases. The amount overspent in the water department is for the water tower project and not operating expenses. The water tower project was approved at a public hearing in advance of incurring any expenditures for the project. The amount of overspend in the electric department is caused entirely by calling and paying old debt funded entirely from new debt proceeds approved at a public hearing held in advance of the new debt issue. Regardless, possible budget overspends will be more closely monitored in the future and, if needed, properly amend the budget.

**Conclusions** - Response accepted.

IV-C-04 **Questionable Disbursements** - We noted no expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-04 **Travel Expense** - No expenditures of public money for travel expenses of spouses of officials or employees were noted.

IV-E-04 **Business Transactions** -

Name, Title and Business Connection	Transaction Description	Amount
City - Robert Guikema, Mayor		
Greenfield Lumber Company	Supplies	\$ 4,146
Greenfield Municipal Utilities Component - Lynne Don Carlos, Utility Trustee		
Don Carlos Insurance	Insurance	\$ 41,160

Chapter 362.5 provides that purchases of less than \$2,500 are not in conflict with the prohibition against contracts with related officials. The City Council and Board of Trustees wants to encourage local purchases as provided in Chapter 23A.3 and to that extent both have issued resolutions to purchase locally whenever possible. When buying locally, it is the reporting entity's policy to rotate recurring and repeat purchases among all the providers in the local area. Further, the reporting entities specifically authorize by resolution all purchases from related officials' businesses. Trustee Lynne Don Carlos is the wife of the owner of Don Carlos Insurance but abstained from voting on actions regarding acquisition of insurance. It is the opinion of Greenfield Municipal Utilities' attorney that the transaction with a trustee's spouse is not in conflict with Chapter 362.5.

IV-F-04 **Bond Coverage** - Employee dishonesty coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. Officials and related bond coverage are reported separately in the City's annual financial statements.

IV-G-04 **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. Minutes of all governing bodies were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. We did note, however, that the published minutes did not include a summary of total receipts.

IV-H-04 **Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa or with the written policies adopted by the governing bodies.

IV-I-04 **Revenue Notes** – Covenants of revenue notes issued by Greenfield Municipal Utilities require the set aside of money into bond and interest funds and other reserve funds. All sinking and reserve funds were fully funded at June 30, 2004.